OUTLOOK

Macroeconomic uncertainty to weigh on industry growth in fiscal year 2025

Group sales in 2025 to range between EUR 4.2 billion and EUR 4.4 billion

EBIT to increase to a level of EUR 380 million to EUR 440 million

Subsequent events

Between the end of fiscal year 2024 and the preparation of this report on March 5, 2025, there were no material macroeconomic, sociopolitical, industry-related, or Company-specific changes that the Management expects to have a significant impact on the Group's earnings, net assets, or financial position.

Outlook

The following report presents the **view of the Management of HUGO BOSS** with respect to the Company's expected business performance in fiscal year 2025. It also describes the expected development of significant macroeconomic and industry-specific conditions. The outlook reflects Management's current knowledge at the time the report was prepared. However, actual developments may differ significantly, either positively or negatively, if risks and opportunities materialize as described in the Risks and Opportunities section of this Annual Report. Other than the statutory publication requirements, HUGO BOSS does not assume any obligation to update the statements contained in this report. > Report on Risks and Opportunities

Macroeconomic and industry-specific developments can have a major influence on the development of the Company's operational and financial development. Statements made in this section regarding the Company's expected business performance are therefore based on certain assumptions with regards to developments in the global economy and in the apparel industry. Over the course of the year, the Group will closely monitor the development of external conditions to respond to any possible changes as quickly and comprehensively as possible.

Outlook for the global economy

In 2025, global growth is expected to remain subdued as the **global economy continues to face several challenges**. In particular, economic policy uncertainties have further intensified, driven by expectations of policy shifts under newly elected governments, ongoing political instability in certain regions, and persistent geopolitical tensions. At the same time, global headline inflation is anticipated to decline moderately, with advanced economies projected to return to target inflation levels more quickly than emerging markets and developing economies. Consequently, according to the International Monetary Fund (IMF), **global growth** is projected at 3.3% in 2025 and thus only slightly above the prior-year level (2024: 3.2%). Compared with the historical average of 3.7% (2000–2019), global growth in 2025 is likely to remain significantly lower.

Regional economic growth expectations vary significantly, according to the IMF. In the **eurozone**, growth is expected to improve only modestly to 1.0% in 2025 (2024: 0.8%), given ongoing geopolitical tensions and persistent weakness in manufacturing. The **U.S.** economy is projected to grow at 2.7% in 2025 (2024: 2.8%), supported by robust demand, improving financial conditions, and less restrictive monetary policies. On the other hand, cyclical challenges in **China** are anticipated to continue impacting domestic consumption, with growth forecast to slow further to 4.6% (2024: 4.8%).

Risks and uncertainties associated with these assumptions remain fundamentally high. Geopolitical tensions, including conflicts in regions such as the Middle East and Eastern Europe, could disrupt trade routes and commodity supplies also in 2025. In addition, policy-generated disruptions to the ongoing disinflation process could complicate the transition to easing monetary policy, increasing fiscal and financial vulnerabilities. Finally, trade policy uncertainty – exacerbated by potentially new tariffs and protectionist measures – could distort global trade flows, hinder investment, and reduce market efficiency.

Industry outlook

The **global apparel industry** is anticipated to face a challenging fiscal year 2025, shaped by ongoing macroeconomic and geopolitical uncertainties, which in turn might continue weighing on global consumer sentiment. According to a joint study by The Business of Fashion and consulting firm McKinsey & Company, published in November 2024, revenue growth for the global apparel industry (excluding the luxury segment) is projected to remain modest at 2% to 4% (2024: 2% to 3%), marking only a slight improvement compared to the prior year.

In **Europe**, industry growth (excluding the luxury segment) is forecast to range between 2% and 4% in 2025 (2024: 1% to 3%). While economic uncertainty and geopolitical concerns persist, declining inflation and increased tourism are expected to slightly lift retail spending. In the **U.S.**, consumption is set to benefit from expected Federal Reserve rate cuts, alongside robust job data and a strong stock market and property sector. These factors are anticipated to sustain the ongoing recovery, with industry growth (excluding the luxury segment) expected to expand by 3% to 4% (2024: 2% to 3%). In contrast, **China** continues to face a cyclical economic slowdown. In particular, consumer confidence is expected to remain subdued, hovering only slightly above the record lows of 2022, leading to elevated household savings rates. Although government measures are aimed at stimulating the economy, it is uncertain whether they will sufficiently boost consumer sentiment in 2025. Consequently, industry growth (excluding the luxury segment) is expected to decelerate slightly to a range of 2% to 4% (2024: 3% to 4%), remaining well below historical averages, as some industry players increasingly pivot their focus to other Asian markets.

Outlook for HUGO BOSS

Following more than three years of **successfully executing "CLAIM 5,"** HUGO BOSS has achieved notable progress across its strategic priorities, resulting in record sales of EUR 4.3 billion in fiscal year 2024. At the same time, over the last years, we have built a **robust organizational and operational platform** that is aimed to allow HUGO BOSS to generate sustainable, profitable growth by enhancing execution while focusing on effectiveness and efficiency. Consequently, with "CLAIM 5" we have paved the way towards achieving our financial ambition of EUR 5 billion in sales as well as an EBIT margin of at least 12% in the future. > Group Strategy

Also in 2025, the **final year of "CLAIM 5,"** we remain fully committed to making further strategic progress. In particular, we are determined to continue exploiting global growth opportunities, as we keep investing in key brand, product, and omnichannel initiatives to further drive brand relevance and deepen customers' connections with BOSS and HUGO. At the same time, we remain focused on leveraging our strong operational platform and driving additional cost efficiencies by rigorously managing operating expenses. This **balanced approach** is essential for driving robust profitability improvements in 2025 and beyond, while ensuring the long-term success of HUGO BOSS.

OUTLOOK FOR FISCAL YEAR 2025

	Results 2024	**Outlook 2025**
Group sales	Increase by 3% to EUR 4,307 million	Between EUR 4.2 billion and EUR 4.4 billion (–2% to +2%)
Sales by region		
EMEA	Increase by 3% to EUR 2,625 million	Remain around the prior-year level
Americas	Increase by 8% to EUR 1,020 million	Increase in the low to mid single-digit percentage range
Asia/Pacific	Decrease by 2% to EUR 553 million	Moderate decrease
Operating result (EBIT)	Decrease by 12% to EUR 361 million	Increase to a level of EUR 380 million to EUR 440 million (+5% to +22%)
Group's net income	Decrease by 17% to EUR 224 million	Increase in line with EBIT
Trade net working capital as a percentage of sales	Improvement of 120 bps to 19.6%	Remain at a level of between 19% and 20%
Capital expenditure	Decrease by 4% to EUR 286 million	Between EUR 200 million and EUR 250 million

In 2025, we expect macroeconomic and geopolitical volatility to remain high and to continue weighing on consumer sentiment. Against this backdrop, HUGO BOSS expects **Group sales** in reporting currency to range between EUR 4.2 billion and EUR 4.4 billion in 2025 (2024: EUR 4,307 million). Sales in the **EMEA** region are forecast to remain around the prior-year level, while sales in the **Americas** are projected to increase in the low single-digit percentage range. For **Asia/Pacific**, HUGO BOSS anticipates sales to moderately decrease, reflecting ongoing uncertainties regarding consumer sentiment in the Chinese market.

HUGO BOSS anticipates robust profitability improvements in fiscal year 2025, with **operating profit (EBIT)** expected to increase to a level of between EUR 380 million and EUR 440 million (2024: EUR 361 million). Consequently, the Company anticipates the EBIT margin to improve in 2025, supported by its ongoing focus on driving additional sourcing efficiencies and maintaining disciplined cost management. The **Group's net income** is expected to develop broadly in line with EBIT and is thus also expected to increase by around 5% to 22% (2024: EUR 224 million).

Trade net working capital (TNWC) as a percentage of sales is expected to remain at a level of between 19% and 20% in 2025 (2024: 19.6%), with continued optimizations in inventory management anticipated to support this development. **Capital expenditure** is forecast to range between EUR 200 million and EUR 250 million in 2025 (2024: EUR 286 million), reflecting the Company's increased emphasis on driving CapEx efficiency. Investment activity in 2025 remains focused on modernizing our global store network, advancing digitalization, and enhancing our logistics capacity. As in the previous year, the majority of our investments will be allocated to Corporate Units and the EMEA segment.

Despite the decline in earnings in fiscal year 2024, the Managing Board and the Supervisory Board intend to propose to the Annual General Meeting on May 15, 2025, a **dividend** of EUR 1.40 per share for fiscal year 2024, reflecting an increase of 4% compared to the prior-year level (2023: EUR 1.35). This decision underscores the Company's robust financial position as well as management's confidence in its long-term growth opportunities and its continued ability to generate a significantly positive free cash flow in the future. The proposal is equivalent to a **payout ratio** of 45% of the Group's net income attributable to shareholders in fiscal year 2024 (2023: 36%), in line with the Company's mid-term target payout ratio of between 30% and 50%, as laid out in "CLAIM 5." Assuming that shareholders approve the proposal, the dividend will be paid out on May 20, 2025, equaling EUR 97 million (2023: EUR 93 million).